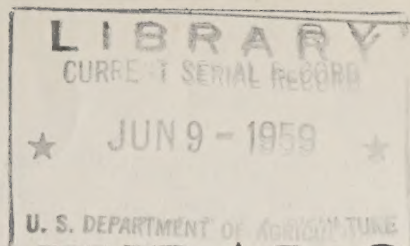


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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U. S. D. A.

WASHINGTON, D. C.

AMS

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The increase in cattle numbers is picking up speed, threatening another cycle of boom and bust.

Marketings the first 4 months of this year ran 11% below a year earlier. Most of those sold have been well-finished cattle or culls...cow and calf slaughter is far below last year. Animals that offer any hope of returning a future profit apparently are being retained to build up herds.

Reduced total slaughter has boosted cattle prices. Even those for fed cattle have gone up, despite a 7 to 9% increase in marketings. Climbing prices tempt farmers to build numbers even higher...increases chances of drastic price declines later.

Slaughter rate so far indicates a gain of 4 to 5 million in cattle herd this year. This would approach highest rate of expansion in last cycle...it considerably exceeds the rate of population growth. If current rate of expansion continues, or gains momentum, a sharp increase in beef supplies per person and a severe decline in cattle prices will occur in early 1960's.

This year, cattle prices are likely to stay relatively high, if drought does not develop. Fed cattle may slip a bit at time of heaviest marketings...some summer decline in feeder cattle prices is probable...but no general weakening is expected if weather is good.

HOGS. Expanding production continues to dominate hog outlook. This spring's increased pig crop indicates hog prices will continue well below a year earlier through next winter. Hog-corn ratio next winter will be rather low and profit margins narrow. Indications so far point to a further increase in next fall's crop.

MILK. Farm production and prices continue near last year's levels. Prices of dairy products at wholesale also are close to a year earlier.

EGGS. Wholesale prices dipped to lowest levels since 1941 in recent weeks. Larger, more productive national flock continues to produce at higher rate than last year...probably will continue to do so through 1959.

Hatchings of flock replacement chicks are likely to fall under last year during remainder of season as result of price decline. But cut is coming too late to have much effect on egg production this year.

BROILERS. Weekly egg settings for broiler chicks have been below a year earlier since mid-April. Birds from these settings will reach market in July when demand will be seasonally strong. Consequently, prices are likely to rise.

SOYBEANS. Heavy domestic crush and record export is likely to leave smaller carryover than had been expected. Shipments abroad are now expected to hit at least 100 million bushels, 15 million more than in 1957-58. About 400 million will be crushed. This would leave stocks of 65 million. While a record, such a carryover would represent less than two-months' crush at current rates.

Exports of soybean and cotton oils also are rising. Season's total is estimated at about 1.4 to 1.5 billion pounds, 350 to 450 million more than last year. About three-fourths will move under sales for foreign currency program.

FEED. Increased livestock production, liberal feeding, large exports pushed disappearance of feed grains 14% above year earlier in October-March. Total is heaviest in recent years. Use of major byproduct feeds also was large...9% above October-March of 1957-58. Disappearance is expected to continue heavy in April-September, though margin over a year earlier is likely to be less than in first half of season.

Feed grain prices have risen more than seasonally since last fall...average for April was near a year earlier. High-protein prices have declined since January and in April were a little below April 1958.

WHEAT. Seasonal price decline this year is expected to be about normal. Low for hard red winter prices will be reached in late June or early July. Support continues at 75% of parity.

VEGETABLES. A smaller pack of canned vegetables than last year is indicated by intentions reports. The frozen pack probably will be larger. Supplies of most canned and frozen items for the rest of this season are ample to heavy.

POTATOES. Prices have improved considerably the last month and probably will rise further the next few weeks. The spring crop is down 13% from last year but storage supplies from last fall's crop are continuing to move in large volume.

TOBACCO. Cigarette and cigar output continued to climb in the first quarter of this year...the former rising 5½% over a year earlier, the latter 9%. Production of smoking tobacco fell 2%. Chewing tobacco and snuff each rose 1%.

WOOL. Activity in the wool industry is picking up, in the U.S. and the world. Mill consumption has risen in major consuming countries...anticipation of further increases is resulting in restocking. The Soviet bloc has made substantial purchases of wool.

Strengthening demand has pushed prices up in U.S. and world markets, even though wool production in 1958-59 is 4% above last season. Prices in major import markets are now running above a year earlier for the first time in 2 years.